

Chairman Doug Ose
Opening Statement
What is the Administration's Record in Relieving Burden on Small Business?
January 28, 2004

Today, the Subcommittees will examine the Administration's record in relieving burden on small business, with particular attention to its further implementation of the Small Business Paperwork Relief Act of 2002 (SBPRA, P.L. 107-198). This law required the Office of Management and Budget (OMB) to take certain actions by June 28, 2003, and Federal agencies to take additional actions by December 31st. Both hours spent and penalties paid by small business affect productivity, jobs and economic growth. Of especial concern to small business are penalties levied by Federal agencies for innocent first-time violations of ever-changing Federal paperwork and regulatory requirements.

Today, OMB will update the status, since our July 2003 hearing, of its implementation actions for: (a) a complete listing of each agency's single point of contact (SPOC) to act as a liaison between small business and the agency (due June 28th), (b) a complete listing of agency compliance assistance resources available to small businesses (due June 28th), (c) timely agency enforcement reports (due December 31st), (d) a responsive OMB-led interagency task force report to Congress, and (e) further significant (*over 100,000 hours each, exclusive of electronic filing*) paperwork reduction accomplishments and plans to benefit small business.

In addition, the three key regulatory agencies – the Departments of Labor (DOL) and Transportation (DOT) and the Environmental Protection Agency (EPA) – will discuss their track record in relieving enforcement burdens on small business, and their significant paperwork reduction accomplishments and plans to benefit small business.

OMB estimates the Federal paperwork burden on the public at 8.2 billion hours. In April 2003, OMB estimated that the price tag for all paperwork imposed on the public is \$320 billion a year. This is a huge burden, especially on small businesses.

In 1980, Congress passed the Paperwork Reduction Act and established an Office of Information and Regulatory Affairs (OIRA) in OMB. OIRA's principal responsibility is paperwork reduction. In 1995, 1998, 2000, and 2002, Congress enacted additional legislation with the objective of decreasing paperwork burden. Nonetheless, paperwork has increased in each of the last seven years.

On June 27, 2003, OMB published two SBPRA documents. The first was an incomplete listing of agency SPOCs and compliance assistance resources. The first chart on display reveals that, as of this week, 14 agencies with OMB-approved paperwork are still without a SPOC and OMB has still not indicated compliance assistance resources for 18 agencies. OMB's second June 27th document was a notice of availability of its initial task force report. This document was also flawed. During our July 2003 hearing, we encouraged OMB to submit a responsive final task force report by the June 28, 2004 statutory deadline.

In the June 2002 SBPRA, Congress intentionally did not require the initial agency enforcement

reports until December 31, 2003, to allow agencies sufficient time to adjust their data systems. Unfortunately, OMB did not provide any guidance to the agencies about SBPRA until October 28, 2003. As the first chart on displays reveals, as of this week, 42 of the 69 applicable agencies have not yet submitted their enforcement reports. Incredibly, 20 were unaware of this statutory obligation. Notably, this included the Small Business Administration (SBA).

The second chart on display presents analysis of the regulatory enforcement reports of six Federal agencies, including the three with us today. The chart reveals that 46 percent of both DOL's and DOT's enforcement actions were against small entities in contrast to only 11 percent of EPA's. In addition, DOL reduced or waived only 21 percent of its enforcement fines and penalties levied on small business in contrast to 44 percent reduced or waived by EPA. The Internal Revenue Service (IRS) and DOL reduced or waived \$1.9 billion and \$16 million, respectively, in fines or penalties levied on small business.

The bottom line is that the Administration has not fully complied with the letter and spirit of SBPRA. As a former owner of various small businesses, I am especially disappointed. I do not understand how OMB can pick and choose which laws to fully implement. Congress wants and America's small businesses deserve results – fewer hours spent on government paperwork and lower compliance costs to increase productivity and job creation.

I want to welcome our witnesses today. They include: Dr. John D. Graham, Administrator, OIRA, OMB; Patrick Pizzella, Assistant Secretary for Administration and Management, DOL; Jeffrey Rosen, General Counsel, DOT; Kimberly Terese Nelson, Assistant Administrator for Environmental Information, EPA; Harold Igdaloff, President, Sungro Chemicals, Inc., California, on behalf of the National Small Business Association; and, Andrew Langer, Manager, Regulatory Policy, the National Federation of Independent Business.